

Patrick Judge

Statement of the USB Coalition
Energy & Telecommunications Interim Committee
November 19, 2003

SENATE NATURAL RESOURCES
COMMITTEE NO. 1
DATE 3-16-07
BILL NO. HB 427

Chairman Olson and Members of the Committee,

My name is Patrick Judge, and I am the Energy Policy Director of the Montana Environmental Information Center. I'm speaking today on behalf of a coalition of public interest groups who share a common vision for a clean and affordable energy future for Montana. We also have a common interest in the Universal System Benefits Program as a major vehicle for advancing that vision. Our coalition formed this summer to participate in discussions regarding USB that took place before the Governor's Energy Consumer Protection Task. We delivered two statements to the Task Force, which I've attached to my testimony.

Because all of the meritorious programs supported by USB come out of the same pot of money, an undesirable situation can develop whereby the various programs can become pitted against one another to compete for funds. Our coalition vigorously resists that approach. The need for additional assistance for low-income customers in light of the recent rate hikes is undisputable. All of our groups are supportive of additional dollars being made available to meet that need. However, we do not believe it is either necessary or wise to sacrifice cost-effective conservation and renewable energy programs in the process. Note that our coalition did not oppose the one-time reallocation of \$1.7 million in unspent USB dollars that took place earlier this fall, but on the condition that it would not be considered precedent-setting.

We understand that this committee may consider proposals that would increase the statutory minimum amount of money that is directed to low-income programs. Again, because conservation, renewables, and low-income assistance all come from the same pot of money, by definition, increasing the portion of money going to one category necessarily decreases support for the others. Our coalition would strongly urge the committee not to take this approach. All of the programs supported by USB are worthwhile, and deserve continued support. We should not be robbing Peter to pay Paul.

There are at least two different approaches that could accomplish the same goal of providing greater assistance to low-income consumers, while still preserving our present commitment to conservation and renewable energy. In 1997, many of our groups testified in favor of a 3%+ USB, consistent with the recommendations of the Comprehensive Review of the Northwest Energy System. That report was commissioned and signed by the Governors of the four Northwest states, including Governor Racicot. Montana instead adopted a 2.4% level. Bringing the level up to 3% would allow us additional room to increase the minimum share going to low-income, without impacting conservation and renewables.

The second approach would be to reform the way the USB currently operates. Significant additional money could be obtained without changing either the overall funding level or the minimum percentage figure, if we were to bring a greater degree of consistency and accountability to the program. Currently, Montana's USB program has vastly differing standards and rules for different customer classes and utilities. We believe that these disparities should be addressed so that all customers and all utilities pay their fair share.

Finally, our coalition would also suggest that the committee not focus exclusively on USB electric funds, when the increased need for low-income assistance is coming primarily from increased natural gas costs. There is a large discrepancy between the relative funding levels for the electric and

gas USB programs. USB gas is assessed at a much lower level, and raises far fewer funds. The committee should consider addressing this unbalance.

In summary, USB is a critically important program, but there are areas in need of improvement. If there is one, overarching message we would like to convey to you today, it is to ask you not to move hastily in formulating your recommendations. The next regular session of the legislature remains more than a year away. As we all know, the electric utility industry is a fast-moving enterprise, with many unexpected developments that can occur in a year's time. At a minimum, we would encourage the committee to delay making recommendations until it has had a chance to explore the issues more fully.

But to begin that process, I believe there are a number of groups and individuals that are here today that would like describe some of the benefits of projects that have been made possible by USB funds.

Thank you for this opportunity to comment.

Signatories

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